Credit Conditions Survey

2010

Updated Version – 2012-03-27

Note to readers

The Credit Conditions Survey was conducted in May and June 2011. The questions were fact-based and focused on financing sought by small enterprises (1 to 99 employees) during the 2010 calendar year.

A total of 3,573 small businesses completed the questionnaire, which included 27 questions. This is the second largest Canadian survey on small business financing. The margin of error is 1.6%, 19 times out of 20, for questions addressed to all respondents. Leger Marketing administered the survey for Industry Canada.

The following tables present the key statistics from this survey.

Industry Canada Industrie Canada

Canada

Table 1: Request Rates, Approval Rates and Average Amounts Authorized, 2010

Type of Financing	Request Rate	Approval Rate*	Average Amount Authorized
Debt Financing	18%	88%	$319,000
Leasing	2%	97%	$189,000
Equity Financing	1%	-	-
Trade Credit	1%	-	-

*A request that received either full approval or partial approval was considered "approved".

Table 2: Debt Financing (Long Term Vs. Short Term), 2010

Type of Debt	Request Rate	Approval Rate*	Average Interest Rate	% Collateral Required	Average Amount Authorized
Long Term**	9%	92%	5.4%	72%	$415,000
Short Term***	11%	85%	6.2%	60%	$187,000
Overall	18%	88%	5.7%	67%	$319,000

*A request that received either full approval or partial approval was considered "approved".
**Non-residential mortgages and term loans
***Business lines of credit and credit cards

Table 3: Debt Financing By Enterprise Characteristics, 2010

	Request Rate	Approval Rate*	Average Amount Authorized
Number of Employees			
1 to 4	15%	84%	$177,000
5 to 9	21%	88%	$327,000
10 to 19	23%	93%	$300,000
20 to 99	24%	97%	$883,000
Region			
Atlantic	14%	97%	$185,000
Quebec	25%	87%	$177,000
Ontario	16%	86%	$275,000
Manitoba-Saskatchewan	20%	100%	$305,000
Alberta	15%	90%	$338,000
British Columbia & Territories	19%	83%	$777,000
Industry			
Accommodation and Food	17%	84%	$95,000
Construction	26%	95%	$235,000
Manufacturing	28%	88%	$636,000
Agriculture and Fishing, Forestry, and Oil and Mining	20%	100%	$561,000
Professional Services	13%	86%	$138,000
Transportation/Warehousing	23%	81%	$573,000
Retail Trade	16%	86%	$123,000
Wholesale Trade	18%	93%	$603,000
Retail and Wholesale	17%	88%	$255,000
Age of Business			
3 years old or younger	23%	88%	$141,000
4 to 10 years old	20%	85%	$359,000
More than 10 years old	17%	90%	$331,000
Exporting Activities			
Exporter	21%	86%	$703,000
Non-Exporter	18%	88%	$266,000
Region			
Rural	19%	93%	$369,000
Urban	18%	86%	$302,000
Innovation			
Product	24%	82%	$196,000
Process	20%	93%	$595,000
Organizational	29%	91%	$317,000
Marketing	25%	85%	$432,000
Innovator**	25%	87%	$394,000
Non-Innovator	15%	89%	$252,000
Gender of Majority Owner			
Male	19%	88%	$366,000
Female	16%	87%	$110,000
Jointly Owned	17%	84%	$213,000
Education Level of Majority Owner			
Less than high school	21%	87%	$159,000
High school diploma	19%	87%	$200,000
College/Cegep/Trade school diploma	19%	88%	$186,000
Bachelor Degree	18%	89%	$594,000
Masters Degree or above	17%	90%	$658,000
Experience Level of Majority Owner			
5 years or less	23%	88%	$88,000
6 to 10 years	19%	84%	$138,000
More than 10 years	18%	89%	$363,000
Age of Majority Owner			
Younger than 40 years old	23%	90%	$150,000
40 to 49 years old	22%	90%	$370,000
50 to 64 years old	17%	86%	$286,000
65 years old or older	13%	87%	$370,000

*A request that received either full approval or partial approval was considered "approved".

**A firm that developed or introduced a product, process, organizational or marketing innovation in the 2010 calendar year was considered an "innovator".

Table 4: Main Reason for Not Seeking Debt Financing, 2010

Reason	%
Financing not needed	89%
Investment project postponed	1%
Thought request would be turned down	3%
Applying for financing too difficult	3%
Cost of financing too high	2%
Other reason	2%

Table 5: Main Intended Use of Debt Financing, 2010

Intended Use	%
Fixed asset	34%
Working/Operating capital	54%
Research and development	2%
Debt consolidations	5%
Enter a new domestic market	1%
Enter a new global market	1%
Other use	3%

Table 6: Export Destinations, 2010

Destination	%
Local municipality or region	93%
Local municipality or region only	54%
Rest of province/territory	37%
Rest of Canada	19%
United States	9%
Rest of the world	5%